



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 5-430 – Sanitary Regulations for Hotels Virginia Department of Health

June 11, 2001

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Virginia Department of Health (VDH) is proposing to update its *Sanitary Regulations for Hotels*. These regulations establish minimum sanitary standards for operating hotels, including standards for cleanliness and storage of linens, pest control, solid waste collection and disposal, operation of food service, operation of swimming pools or spas, and general sanitation of the rooms and facility. The proposed regulations also inform potential hotel owners or operators how to obtain permits and variances from the Department.

Estimated Economic Impact

The proposed regulations are divided into three parts: I) General Framework of the Regulation, II) Procedural Regulations, and III) Design, Construction, and Operational Criteria. Part I of the proposed regulation includes an expanded list of definitions and incorporates by

reference other legally binding regulations (e.g., *Virginia Waterworks Regulations*, *Swimming Pool Regulations*, and *Rules and Regulations of the Board of Health Governing Restaurants*).

Part II of the proposed regulation establishes how the regulations are to be enforced and the process regarding the issuance of permits and variances. Currently, there are no written instructions or guidelines covering these issues for prospective hotel owners or operators. According to VDH, the procedures defined in the regulation are a written recitation of how the program is currently implemented. Documenting the process and the rights and responsibilities of both the Department and the applicant (hotel owners or operators) will likely provide an economic benefit.

Part III includes updated industry standards for the design and operation of a hotel. According to VDH, the majority of provisions in Part III represent current industry standards and will not require any compliance action on the part of hotels. The substantive changes are discussed below.

The proposed regulations require automatic ice dispensers as opposed to common ice bins in order to prevent contamination of the ice, whether intentionally or unintentionally, by other guests. Facilities constructed after the effective date of these regulations would be required to comply with this provision immediately. Existing facilities will have two years after the effective date to change from common ice bins to automatic dispensers or distribute ice to each individual guest in a sanitary pre-filled container. According to VDH, many hotels in Virginia have already switched to automatic ice machines, although they do not have any estimates of exactly how many. The compliance cost for the remaining hotels is estimated to be \$2,000 per machine¹. DPB does not have information regarding any incidents involving contamination of common ice bins. However, the possibility does exist and it can't be known at this time whether current good business practice would lead hotels to convert to automatic ice dispensers even in the absence of this proposed regulation.

¹ This price estimate is from Scherr's Refrigeration Company in Richmond, VA. It assumes that the facility already owns an icemaker, which is necessary even for common ice bins, and does not reflect any regional price differences or discounts the hotel may be able to negotiate with the supplier. This price also does not include delivery, installation, sales tax, or freight.

In 1996, the General Assembly amended Section 35.1-22 of the *Code of Virginia* so that annual inspections of all hotels by VDH are no longer required. The proposed regulations reflect this change, but specify that random inspections will be conducted each year in addition to inspections upon written complaint of a problem. Allowing VDH discretion in determining a meaningful inspection frequency that focuses more on the establishments that are not clean and sanitary allows local health department to focus resources on higher priority public health programs and functions. There is reason to believe that providing enforcement flexibility for VDH may improve compliance and result in a net economic benefit for Virginia.

The current regulations are very general, requiring only that the “*Premises and all storage rooms of hotels shall be kept orderly and clean and effective vermin, insect, and rodent control shall be maintained throughout the establishment*” (12 VAC 5-430-70). Sections 470 and 480 of the proposed regulation spell out the specific measures hotels must use for the control of solid waste and vermin. The Department maintains that the proposed requirements lay out in detail the minimum actions necessary in order for hotels to meet the standards in the current regulations. While the new language doesn’t change the actions hotels need to take to comply with the substance of the regulation it does provide useful information, and thus may provide some small economic gain.

Businesses and Entities Affected

The proposed regulations will apply to all hotels, motels, and bed and breakfast facilities in Virginia. VDH estimates there are 2,000 such facilities in Virginia. The proposed regulations will not apply to boarding houses, timeshares, condominiums, or rental property in resort areas rented on a weekly or monthly basis.

Localities Particularly Affected

The proposed regulations should not uniquely affect any particular localities as they apply statewide.

Projected Impact on Employment

The proposed regulations are not expected to have any significant impact on employment in the Virginia hotel industry.

Effects on the Use and Value of Private Property

With the exception of the automatic ice dispenser provision, the proposed regulations do not substantively change the sanitary standards that hotels must meet. Since it appears that hotels are moving in the direction of installing automatic ice dispensers even in the absence of the new rule, this proposed regulation is not expected to have any impact on the use and value of private property.